

## **United Parcel Service Agrees to Settle Alleged Civil False Claims Act Violations - GSA Office of Inspector General**

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United States Department of Justice  
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WASHINGTON - United Parcel Service Inc. (UPS) has agreed to pay \$25 million to resolve allegations that it submitted false claims to the federal government in connection with its delivery of Next Day Air overnight packages, the Justice Department announced today. UPS is a package delivery company based in Atlanta.

"Protecting the federal procurement process from false claims is central to the mission of the Department of Justice," said Principal Deputy Assistant Attorney General Benjamin C. Mizer of the Justice Department's Civil Division. "We will continue to ensure that when federal monies are used to purchase commercial services the government receives the prices and services to which it is entitled."

"This conduct affected numerous federal agencies," said U.S. Attorney Dana J. Boente of the Eastern District of Virginia. "We place high importance on the integrity of companies that provide services to the government. Combating all manners of fraud on the government is a high priority in the Eastern District of Virginia."

UPS provides delivery services to hundreds of federal agencies through contracts with the U.S. General Services Administration (GSA) and U.S. Transportation Command, which provides support to Department of Defense agencies. Under these contracts, UPS guaranteed delivery of packages by certain specified times the following day. The settlement announced today resolves allegations that from 2004 to 2014, UPS engaged in practices that concealed its failure to comply with its delivery guarantees, thereby depriving federal customers of the ability to request refunds for the late delivery of packages. In particular, the government alleged that UPS knowingly recorded inaccurate delivery times on packages to make it appear that the packages were delivered on time, applied inapplicable "exception codes" to excuse late delivery (such as "security delay," "customer not in," or "business closed"), and provided inaccurate "on-time" performance data under the federal contracts.

"The United States should get what it pays for, nothing less," said Acting Inspector General Robert C. Erickson of the GSA.

The civil settlement resolves a lawsuit filed under the whistleblower provision of the False Claims Act, which permits private parties to file suit on behalf of the United States for false claims and obtain a portion of the government's recovery. The civil lawsuit was filed in the Eastern District of Virginia by Robert K. Fulk, a former employee of UPS, who will receive \$3.75 million.

The resolution in this matter was the result of a coordinated effort between the U.S. Attorney's Office of the Eastern District of Virginia, the GSA Office of Inspector General (OIG), the Federal Deposit Insurance Corporation OIG, the Defense Criminal Investigative Service, and the Treasury Inspector General for Tax Administration and the Department of Treasury OIG, with assistance from the Department of Veterans Affairs OIG.

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The lawsuit is captioned United States ex rel. Fulk v. United Parcel Service, Inc., et al., No. 1:11cv890 (E.D. Va.). The claims resolved by this settlement are allegations only, and there has been no determination of liability.

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Source:

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